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SOVIET MILITARY SPENDING DATA MAY BE INFLATED
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Questionable methods of analysis by Pentagon intelligence experts may be producing inflated estimates of Soviet spending on the superpower arms race, a congressional panel indicated Tuesday.

Sen. William Proxmire, D-Wis., released a study by the Joint Economic Committee that analyzed the differences between recent estimates made by the CIA and the Pentagon's Defense Intelligence Agency.

The CIA Study found that Soviet defense costs grew at an annual rate of 2 percent during 1978-81, compared to a growth rate of 4 percent to 5 percent during the previous 10 years.

The DIA study agreed with the Central Intelligence Agency's dollar cost estimates, but its own current ruble-price analytical process - which does not take inflation into account -- indicated no slowdown in total Soviet defense spending.

The DIA found that Soviet actual defense spending increased by 6 percent to 7 percent in real terms, after inflation, during the 1970s and defense procurement growth slowed somewhat, from 9-11 percent in the first half of the decade to 6-9 percent in the second half.

The Pentagon agency also concluded the share of the Soviet economy devoted to the military increased from 13 percent to 14 percent in 1970 to 14 percent to 16 percent in 1981. The CIA concluded it did not change during the decade.

Proxmire said the Pentagon agency in effect challenges the CIA estimates but in doing so, is raising more questions than it answers.

"The fact that the DIA's estimates are not adjusted for inflation reduces their usefulness to practically zero," Proxmire said. "This questionable practice could result in inflating the costs of Soviet defense.

"At the very least, the DIA's methodology should be subjected to careful scrutiny by an outside group of experts so that Congress understands what weight to give it."

The study noted the CIA rates the margin of error on its dollar cost estimates as plus or minus 10 percent. A DIA spokesman estimated the margin of error in the indirect method for measuring Soviet military procurement was plus or minus 33 percent.

The report also noted that the CIA's methodology was subjected to "an exhaustive review" by an outside panel.

"The latest CIA estimates are significant because they demonstrate a change in the trend of Soviet defense growth over a five-year period," the study said. "The period is longer than previous cyclical fluctuations and could represent a medium- or longer-term phenomenon."

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